COMPANY UPDATE

Matrix Concepts Holdings (MCH MK)

MVV Industrial Land Sales Recognition To Drive 2HFY26 Profitability

Matrix's strong foothold in Negeri Sembilan positions it to benefit from MVV 2.0. The group is in the process of completing its second tract of land acquisition within the corridor and is expected to gradually ramp up industrial launches between FY26-28. We anticipate the recognition of several industrial land sales in 2HFY26 uplifting profitability, offsetting the margin dilution from expansion beyond Negeri Sembilan. Matrix offers decent dividend yield of 5% for FY26. Maintain BUY. Target price: RM1.70.

WHAT'S NEW

- **Results preview.** We expect 1QFY26 core earnings to come in at RM65m-70m (vs RM61m/RM43m in 1QFY24/4QFY25), accounting for 25-27% of our FY26 estimate (vs 1QFY25: 30% of FY25), as the industrial land sales recognition should be backloaded in 2HFY26. Meanwhile, we expect property sales to remain on track to achieve the FY26 target of RM1.6b (+16% yoy), supported by RM377m worth of launches in 1Q25, accounting for 22% of its FY26 launch target of RM1.7b.
- **Steady residential outlook in Negeri Sembilan, supported by MVV pipeline.** Matrix Concepts Holdings (Matrix)'s Sendayan township is expected to sustain RM1b in annual sales over FY26-29, before tapering off from FY30 as its 1,300-acre landbank (with RM6.5b of total GDV) gradually depletes. This shortfall will be filled by upcoming residential launches in Malaysian Vision Valley (MVV) City from FY29 onwards. Its strong foothold in Negeri Sembilan stands to benefit from rising household formation, driven by job creation and industrial growth under MVV 2.0.
- **Scaling beyond Negeri Sembilan.** Matrix is accelerating its expansion outside Negeri Sembilan to support its target of generating 30% revenue and earnings by FY28 beyond its home base (FY25: 7%), anchored by: a) the acquisition of Horizon Group, b) the launch of Levia Puchong (in 3QFY26) and Damansara (in 2HFY27), and c) the launch of Bandar Seri Impian 2 (BSI 2) in Kluang (in 2HFY26). Each of these is expected to contribute around 10% to the group's revenue, forming the foundation to reach its 30% contribution target by FY28.
- **Healthcare contribution small but growing.** The healthcare segment contributed RM12.7m, accounting for 4% of the group's EBIT in FY25. Looking ahead, the segment is expected to grow at 10% per annum, supported by the ongoing expansion of bed capacity (from 97 to 109 beds), higher number of consultants (from 18 to 31) and operating theatre (from 2 to 3).

KEY FINANCIALS

Year to 31 Mar (RMm)	FY24	FY25	FY26F	FY27F	FY28F
Net turnover	1,344.1	1,186.9	1,545.4	1,609.8	1,805.1
EBITDA	347.9	298.7	386.6	412.2	467.8
Operating profit	338.1	289.4	364.1	383.9	434.0
Net profit (rep./act.)	244.3	214.1	258.0	267.7	302.6
Net profit (adj.)	235.5	203.0	258.0	267.7	302.6
Adjusted EPS (sen)	12.5	10.8	13.7	14.3	16.1
PE (x)	11.0	12.8	10.0	9.7	8.6
P/B (x)	1.2	1.2	1.1	1.0	1.0
EV/EBITDA (x)	4.8	7.5	6.9	6.5	6.0
Dividend yield (%)	4.8	4.5	5.2	5.4	6.1
Net margin (%)	17.5	17.1	16.7	16.6	16.8
Net gearing (%)	Net Cash	16.4	32.5	32.5	35.4
ROE (%)	11.0	9.1	11.0	10.8	11.5
Consensus net profit			254.8	278.0	297.3
UOBKH/Consensus (x)			1.0	1.0	1.0

Source: Matrix, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM1.30
Target Price	RM1.70
Upside	+30.8%

COMPANY DESCRIPTION

A Negeri Sembilan-based property developer primarily focused on township development. Their business model includes property development, construction, education, and hospitality.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MCH MK
Shares issued (m):	1,877.0
Market cap (RMm):	2,458.9
Market cap (US$m):	580.9
3-mth avg daily t'over (US$m):	0.6

Price Performance (%)

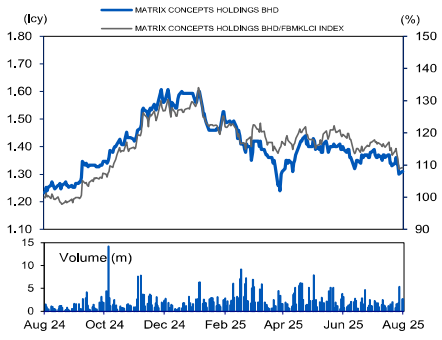
52-week high/low RM1.63/RM1.22

1mth	3mth	6mth	1yr	YTD
(5.1)	(6.4)	(10.3)	5.6	(17.8)

Major Shareholders	%
Shi Ning Term Sdn Bhd	12.7
Lee Tian Hock	10.3
Lembaga Tabung Haji	6.2
Employees Provident Fund	5.0

FY25 NAV/Share (RM)	1.25
FY25 Net Debt/Share (RM)	0.41

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **To recap, Matrix has secured 2,382 acres of land in MVV Parcel B,** with the first tract of land (1,382 acres) completed in Oct 24 and the second tract of land (1,000 acres) targeted for completion in 2HFY26. Of this, 1,000 acres are earmarked for industrial development, including a managed industrial park (20%), built-to-sell factories (20%), and industrial land plots (50-60%). The parcel forms part of the wider MVV 2.0, a 379,100-acre development corridor in Negeri Sembilan.
- **Market conditions are favourable…** NAPIC data showed a strong 1Q25 industrial transaction in Negeri Sembilan, up 35% yoy, underscoring favourable market conditions. Meanwhile, the industrial park landscape is becoming crowded, with incoming supply from 732-acre NCT Smart Industrial Park (NSIP) in Sepang, and within MVV itself, Sime Darby Property's 760-acre Vision Business Park, and Eco World's upcoming 1,195-acre Eco Business Park 7 slated for launch by end-25.
- **…but pace remains measured.** We expect Matrix to gradually ramp up industrial launches during FY26-28. To date, Matrix has secured RM370m worth of industrial land sales (130 acres), up modestly from RM320m in May 25. We estimate 40% of the RM370m will be recognised in FY26, contributing RM44m or 17% of our FY26 earnings forecast (based on a 30% net margin assumption). These sales are primarily to local buyers, including repeat purchasers from Sendayan Tech Valley, across diverse sectors in consumer products, automotive and oil & gas.
- **Speed to market is key.** While current industrial sales progress remains modest, we believe Matrix's next leg of industrial growth hinges on: a) faster rollout ahead of competing parks, and b) completion of subdivided land and title transfer, which should help spur demand from foreign and MNC players.
- **To recap, the related-party acquisition of Horizon Group is targeted for completion in Oct 25,** after which Matrix will hold a 70% stake and consolidate it as a subsidiary. This unlocks two ready-to-launch Klang Valley projects (GDV: RM738m; RM150m per annum) over the next 12 months: a) a mixed development in Banting, comprising terrace houses, commercial lots and apartments; and b) a high-rise residential project in Kota Warisan (Horizon KLIA), featuring two residential towers and 1,130 SOHO units.
- **Industrial plot sales to offset lower margin from outside Negeri Sembilan.** Management has guided for a revenue and PATMI of RM1.55b and RM260m for FY26, translating to a net margin of 16.8% (vs FY23/24/25: 19.8%/17.5%/17.1%). While the narrowing margin is due to increasing contributions from outside Negeri Sembilan, we expect industrial land sales at MVV, estimated to yield about 30% net margins, to lift profitability in 2HFY26.

EARNINGS REVISION/RISK

- No changes to earnings.

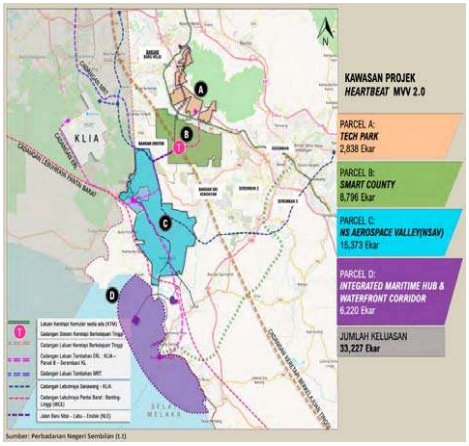
VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged target price of RM1.70.** Our target price is based on a 22% discount to its RNAV/share of RM2.18, implying 1.4x 2026F P/B (+2SD of 10-year mean: 0.8x) and 12.4x 2026F PE. We like Matrix for its above-industry margin and ROE, and generous dividend payouts (FY25: 54.4%). We believe its attractive 5-6% dividend yield could be a defensive shelter amid market volatility.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

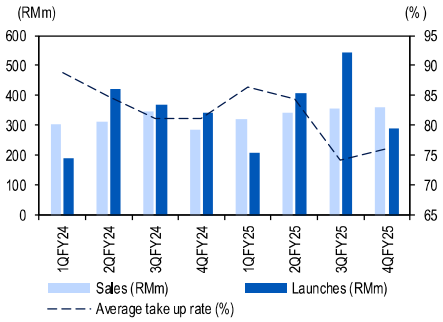
• **Environmental**
- d'Tempat Country Club received certified Gold Standard (Provisional) on Green Building Index (GBI).
• **Social**
- Matrix contributed RM15.3m for CSR in FY25.
• **Governance**
- Good company transparency along with an Anti-Bribery and Anti-Corruption Policy.
- Ranked BBB by MSCI for ESG rating and constituent of the FTSE4Good Index Series.

MVV 2.0 DEVELOPMENT PLAN



Source: PKNNS, UOB Kay Hian

MATRIX QUARTERLY SALES AND LAUNCHES



Source: Matrix, UOB Kay Hian

RNAV CALCULATIONS FOR RM1.70/SHARE

Seremban	**1,228**
Ongoing	87
Future	1,141
Johor	**269**
Ongoing	13
Future	256
Klang Valley	**152**
Ongoing	34
Future	118
Others	**0**
Sub total	**1,649**
Australia	28
Jakarta	271
Total (RMm)	**1,948**
Shareholders' Funds (RMm)	2,136
RNAV (RMm)	**4,084**
Share base (m)	1,877
RNAV/share	2.18
Discount	22%
Target Price (RM)	**1.70**

Source: Matrix, UOB Kay Hian

PROFIT & LOSS

Year to 31 Mar (RMm)	FY25	FY26F	FY27F	FY28F
Net turnover	1,186.9	1,545.4	1,609.8	1,805.1
EBITDA	298.7	386.6	412.2	467.8
Deprec. & amort.	(9.3)	(22.5)	(28.3)	(33.8)
EBIT	289.4	364.1	383.9	434.0
Associate contributions	(2.8)	-	-	-
Net interest income/(expense)	(11.5)	(23.5)	(30.6)	(34.7)
Pre-tax profit	275.1	340.6	353.3	399.3
Tax	(60.2)	(81.7)	(84.8)	(95.8)
Minorities	0.8	0.8	0.8	0.8
Net profit	215.7	259.7	269.3	304.3
Net profit (adj.)	203.0	258.0	267.7	302.6

BALANCE SHEET

Year to 31 Mar (RMm)	FY25	FY26F	FY27F	FY28F
Fixed assets	1,434.0	1,717.8	1,839.5	1,955.7
Other LT assets	213.3	213.3	213.3	213.3
Cash/ST investment	175.8	77.4	155.3	154.3
Other current assets	1,341.4	1,746.6	1,819.4	2,040.1
Total assets	**3,164.5**	**3,755.1**	**4,027.5**	**4,363.5**
ST debt	183.3	183.3	183.3	183.3
Other current liabilities	393.3	559.7	583.2	653.5
LT debt	357.9	657.9	777.9	897.9
Other LT liabilities	18.5	18.5	18.5	18.5
Shareholders' equity	2,224.7	2,348.2	2,476.2	2,621.1
Minority interest	(13.3)	(12.4)	(11.6)	(10.8)
Total liabilities & equity	**3,164.5**	**3,755.1**	**4,027.5**	**4,363.5**

CASH FLOW

Year to 31 Mar (RMm)	FY25	FY26F	FY27F	FY28F
Operating	**(481.8)**	**66.0**	**278.2**	**221.5**
Pre-tax Profit	275.1	340.6	353.3	399.3
Tax	(60.2)	(81.7)	(84.8)	(95.8)
Depreciation & Amortisation	9.3	22.5	28.3	33.8
Associates	2.8	-	-	-
Working Capital Changes	(655.3)	(238.9)	(49.2)	(150.4)
Other Operating Cashflows	(53.5)	23.5	30.6	34.7
Investing	**(8.6)**	**(300.0)**	**(150.0)**	**(127.0)**
Capex (Maintenance)	(4.1)	(300.0)	(150.0)	(150.0)
Proceeds from Sale of Assets	-	-	-	23.0
Others	(4.6)	-	-	-
Financing	**213.1**	**135.6**	**(50.3)**	**(72.5)**
Dividend Payments	(128.3)	(134.6)	(139.6)	(157.8)
Issue of Shares	0.0	-	-	-
Proceeds from Borrowings	395.9	300.0	120.0	120.0
Others/Interest Paid	(54.6)	(29.8)	(30.6)	(34.7)
Net Cash Inflow (Outflow)	**(277.4)**	**(98.4)**	**77.9**	**22.0**
Beginning Cash & Cash Equivalent	**375.6**	**175.8**	**77.4**	**155.3**
Changes Due to Forex Impact	(61.4)	-	-	-
Ending Cash & Cash Equivalent	**175.8**	**77.4**	**155.3**	**154.3**

KEY METRICS

Year to 31 Mar (%)	FY25	FY26F	FY27F	FY28F
Profitability				
EBITDA margin	25.2	25.0	25.6	25.9
Pre-tax margin	23.2	22.0	21.9	22.1
Net margin	18.0	16.7	16.6	16.8
ROA	8.1	8.8	8.7	9.4
ROE	12.1	14.0	14.1	15.3
Growth				
Turnover	(11.7)	30.2	4.2	12.1
EBITDA	(14.1)	29.4	6.6	13.5
Pre-tax profit	(17.2)	23.8	3.7	13.0
Net profit	(12.8)	20.4	3.7	13.0
Net profit (adj.)	(13.8)	27.1	3.7	13.0
EPS	(13.8)	27.1	3.7	13.0
Leverage				
Debt to total capital	24.5	36.0	39.0	41.4
Debt to equity	24.3	35.8	38.8	41.3
Net debt/(cash) to equity	16.4	32.5	32.5	35.4
Interest cover (x)	25.9	16.4	13.5	13.5

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